**Fiscal Facts: Economic development tools limited for Wisconsin municipalities**

State law does not provide Wisconsin municipalities with access to financing tools used for economic development in other states, which helps explain Milwaukee’s unusual usage of a key tax incentive to develop its streetcar system.

These findings were part of a recent Wisconsin Policy Forum report comparing the financing of Milwaukee’s streetcar, The Hop, to nine other cities with streetcars.

It found that tools not available to Milwaukee or other Wisconsin municipalities -- such as temporary

local sales taxes, state transportation programs, or certain special-purpose districts -- were used to develop streetcar systems in most of the cities studied. The state of Wisconsin restricts municipalities from establishing sales taxes and does not support transit capital projects.

Milwaukee opted to use tax increment financing, or TIF, to pay the local share of its streetcar development costs, and the extent to which it did so is unusual compared to peer cities nationally. TIF is a local incentive whereby municipalities seek to spur economic development by funding infrastructure projects or developer costs within a given area and then use the incremental growth in property taxes in that area to finance the public investment.

Our report did not take a position on the merits of Milwaukee’s streetcar. But regardless of whether one agrees with spending public dollars on a downtown streetcar, the fact that TIF was essentially the only option for Milwaukee’s streetcar should spur further consideration of whether Wisconsin municipalities have enough investment tools in their economic development toolbox.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at wispolicyforum.org.*